[Mr. A. Lakshminarayana Aiyar.]

15. The drop of Rs 2·11 lakhs under Miscellaneous Departments is due to the profits for the first half year from the Rubber Factory having been received this year itself though normally it is due only next year. The increase of over Rs 8 lakhs under Buildings, Communications, etc., is only nominal. When dealing with the actuals for 1117, I have already referred to an adjustment of a portion of the Cochin Harbour receipts of some years to be credited to the Road Development Fund. According to the method of accounting to be adopted, this amount has first to be credited as a receipt of the Public Works Department. The transfer of this credit to the Fund has to be made with the vote of the Legislature. An equal amount has therefore been provided in the Expenditure side under "36. Buildings, Communications etc." and included in the Demand for the Public Works Department. The increase, occurring under revenue is thus set off by an equal amount of expenditure and will not affect the budgetary position.

16. The improvement in the receipts under Electrical Schemes is due to an expected increase in consumption and is partially set off by an extra provision under working expenses for depreciation. Owing to the phenomenal increase in the prices of spare parts and on account of the vehicles not being able to be run on charcoal gas due to their having become old and having to carry larger traffic, the operating cost next year under State Transport is expected to be very high. This accounts for the decrease under State Transport. Owing to the policy of assignment of puduval lands having been stopped, the receipts from the sale of lands are expected to go down next year.

NEW PROPOSALS.

17. Due to war-time prices and profits, the volume of currency in circulation has enormously increased throughout India, including Indian States. The spending power thus has been greatly enhanced with the availability of consumable goods being, however, limited Steps have been taken in British India to check the consequential high level of prices by introducing measures to relieve the pressure of the greater volume of purchasing power on the limited supplies of consumable goods. These have taken the forms of stepping up of the Incometax and Supertax and the levy of Excess Profits and other taxes. Unless we come into line with the other parts of India by introducing similar measures to check, if not to eliminate, the process of inflation, there is bound to be a serious repercussion on our economic conditions. It is therefore proposed with effect from 1119 to levy a surcharge of 50 per cent. on the rates of incometax and supertax now in force in the State. In the case of companies, however, the supertax rate will be increased from one chuckram and twelve cash to two chuckrams and ten cash instead of levying a surcharge. The prices of agricultural produce have risen to phenomenally high levels due to war conditions and it is anomalous that the land tax should remain at the pre-war level reckoned in terms of money. Opinion all over the world has now crystallised itself in favour of assimilating the

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profits from land with other profits and income and the case is even stronger in the case of what may be termed money-crops produced on large scale by mass production or factory labour as applied to agricultural or semi-agricultural activities. A tax on agricultural incomes will therefore be levied from next year at the following rates :—

		Rate.
1.	When the total income is less than Rs. 5,000	Nil.
2.	When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000	Eight cash in the rupee.
3.	When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000	Twelve cash in the rupee.
4.	When the total income is Rs. 15,000 or upwards but is less than Rs. 20,000	One chuckram in the rupee.
5.	When the total income is Rs. 20,000 or upwards but is less than Rs. 30,000	One chuckram and twelve cash in the rupee.
6.	When the total income is Rs. 30,000 or upwards but is less than Rs. 40,000	Two chuckrams and four cash in the rupee.
7.	When the total income is Rs. 40,000 or upwards but is less than Rs. 75,000	Two chuckrams and eight cash in the rupee.
8.	When the total income is Rs. 75,000 or upwards but is less than Rs. 1,00,000	Two chuckrams and twelve cash in the rupee.
9.	When the total income is Rs. 1,00,000 or upwards.	Three chuckrams in the rupee.

The tax is not intended to be a burden on the tax-payer as it may be noted that the rates proposed are only about 3/4 of the basic rates of incometax now current not taking into account the supertax and surcharge. Incomes up to Rs. 5,000 are exempt and the poor ryot and the small landholder will not therefore be liable to the tax. The taxation is not proposed with the special objective of betterment of the revenue position, but solely with the object of post-war reconstruction and in the case of agriculturists, for their post-war benefit by way of improvement of agriculture or to relieve agricultural distress. It is expected that there will be a receipt of Rs 11 lakhs under Incometax and Supertax and Rs 9 lakhs from the tax on agricultural incomes, according to these proposals.

18. The rates of Anchal cards and covers are very low when compared with the high cost of manufacture and price of paper at present. It is therefore proposed to double the rates on cards and covers from 1st Chingom 1119. An additional revenue of Rs 60,000 is expected on this account.

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[Mr. A. Lakshminarayana Aiyar.]

19. The total revenue anticipated during the next year will thus amount to Rs 385·54 lakhs.

Expenditure.

20. I shall now pass on to the expenditure side. The programme of expenditure charged to revenue for the next year covers a provision of Rs 327·79 lakhs, which is in excess of the revised estimates of the current year by Rs 33·22 lakhs. Excluding Rs 8·98 lakhs included under Public Works for adjustment to the Road Development Fund already referred to, the real excess is only Rs 24·24 lakhs. This increase partly due to the growing needs of a progressive administration and partly to an additional provision of about Rs 10 lakhs for enhancement of the war allowance to the subordinate ranks of the service, is more or less uniformly spread throughout the various departments. The allocation of funds has, as usual, been carefully examined both by the Government and the Standing Finance Committee of the Legislature. It will be noted that while making suitable provision for the grant of war allowances, the increase in Public Works expenditure and the additional expenditure on defence services necessitated under present conditions, Government have stinted no expenditure calculated to be absolutely necessary to meet the requirements of an efficient administration or to promote public amenities. The Government have also been careful not to provide for any unnecessary or superfluous items of expenditure, merely because owing to adventitious circumstances which may not obviously be of a recurring nature, we expect our revenues to mount up to nearly Rs 4 crores next year.

21. The most important and trying problem of the day is our food problem. Travancore has all along been depending entirely upon other countries especially Burma for making up for her deficit in rice. But as a result of the occupation of Burma, once our prime rice-supplier, by the enemy, and on account of the difficulties of transport, we are not now in a position to get from outside our full quota of requirements. Though on account of your unceasing efforts, Sir, every possible attempt is being made to secure as much supply of food materials from outside the State as is possible, we have necessarily to develop our resources to the maximum yield. The Government have accordingly launched a 'grow more food campaign.' Tapioca cultivation has already been increased by 25 to 30 per cent during the last one year. With a view to encourage and foster intensive cultivation of food grains and other products, Government lands are being leased out for private cultivation on very favourable terms and conditions. Facilities have been provided for an intensive cultivation in Kunnatnad by the conversion of single crop fields into double crop fields by the aid of a Lift Irrigation Scheme and for the better cultivation of fallow punja lands in Kuttanad area, as also for bringing under cultivation extensive areas of forest reserves. Additional manure depots have been opened

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